

CONFIDENTIAL

50X1-HUM

Superphosphate Industry

In the Soviet zone of occupation there are five operational superphosphate plants with the following capacities:

VVB Alcid Works Fertilis Corp., Coswig	1000 tons per month P ₂ O ₅
" " " " " , Salzwedel	650
" Organa " Fahlberg-List Corp., Magdeburg SE	650
Factory owned by State of Saxony-Anhalt, formerly Chemical Works Draschwitz-Reuden	350
Julius Grosse, Oschersleben-Harz	350

The actual production of these plants during 1946-1948 is as follows:

Firm	1946 P ₂ O ₅ in tons	1947 P ₂ O ₅	1948 (January-October) P ₂ O ₅
Coswig	3,080	3,290	3,990
Salzwedel	1,200	1,910	3,460
Magdeburg SE	1,570	1,620	4,430
Draschwitz-Reuden	870	1,030	2,500
Grosse	"	230	1,650
	6,720	8,080	16,030

This shows that a certain increase in production, in conjunction with the improvement of the production of sulfuric acid has been achieved. But even in 1948 only 50% of the scheduled production was reached. According to the technical facilities of the plants and the supply of raw materials, a higher production should have been possible. However, the loss of production is primarily caused by the tight supply of SO₃.

The following statements can be made on the supply of crude phosphates: No amount of crude phosphates worth mentioning was imported during 1945 and 1946. The individual factories, especially the dismantled phosphoric acid factory Piesteritz, had enough stocks on hand to permit at first the entire production of 1946. In 1947, however, 40,000 tons of crude phosphates were imported, as planned. The imports are made up of several North African phosphates, among them especially

CONFIDENTIAL

CONFIDENTIAL

Constantine phosphates with an average of 28% P_2O_5 content, of 17,000 tons, and Kola concentrate of 38% P_2O_5 content, of about 23,000 tons. An import of 30,000 tons of North African phosphate and 28,000 tons of Kola concentrate, as well as 2,000 tons of Kola crude apatite were planned for the Bitterfeld phosphate plant. The import quota for North Africa has already been met, while up to now 33,000 tons have been imported from Kola. The plants are well stocked at the moment, and the approximate 20,000 tons should cover requirements for three to four months. Besides, there is a reserve of about 6,000 tons of wet, polluted, mixed phosphates at Piesteritz. The schedule for 1949 calls for a minimum import of 100,000 tons of crude phosphates, 50% of these to come from Kola, while negotiations are pending for the remainder with North Africa and the U. S. via London. Little is known about the prices of the imported phosphates, since the North African phosphates are imported exclusively by barter, partially for potatoes, while the Kola phosphates are internally charged against industrial production of the Soviet zone by the Soviet Military Administration. The production plants are still subject to the regulation that they shall not ^{be} charged more than was being charged for the same production in 1939. The foreign trade accounting office thus charges the superphosphate plants the following prices for crude phosphate:

North African phosphates average DM 25 per ton, free of freight charges;

Kola concentrates average DM 28 to 30 per ton, depending upon the P_2O_5 content. At present, the crude phosphates are imported exclusively through the port of Stettin.

Contrary to agricultural products, the prices for superphosphate were originally set on the basis of the price schedule valid for 1939. However, the enforced price reduction for fertilizers ordered by Goering prior to 1939 has been cancelled, while the prices for superphosphates have risen by 25% over the 1939 price. Thus, the superphosphate producers are paid DM 454 per ton of P_2O_5 by the distributing agency, the "Deutsche Duenger-Zentrale" (German Fertilizer Agency), free of freight charges, plus a subsidy of DM 66.20 per ton of P_2O_5 , to be paid from the budgets of the States. A few days ago, however, the Soviet Military Administration decided to abolish their subsidy policy, at least regarding superphosphate. Thus, the plants will be able to sell superphosphate at full cost price, viz. DM 520 per ton of P_2O_5 , free of shipping charges. For the time being, the preferential position in regard to imported raw materials is being maintained, but a new regulation covering these import prices is expected.

CONFIDENTIAL

CONFIDENTIAL

The distribution of the processed superphosphates and of superphosphates available from direct imports had been handled, up to now, exclusively by the German Fertilizer Agency, an immediate subsidiary of the "Deutsche Wirtschaftskommission" (German Economic Commission). The German Fertilizer Agency also was in charge of all the accounting. This system is now being changed gradually. Accordingly, the German Fertilizer Agency will only take care of the planning. The execution will then be handled by the five "Zentral-Genossenschaften" (Central Cooperatives) of the States, which will also do the accounting according to the new system. At first, this will cause certain difficulties in price scheduling and distribution of the direct imports.

50X1-HUM

CONFIDENTIAL